

CITY OF NORTONVILLE, KANSAS  
and NORTONVILLE PUBLIC LIBRARY

FINANCIAL STATEMENT  
WITH INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2014

# CITY OF NORTONVILLE, KANSAS

For the Year Ended December 31, 2014

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## INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council of  
City of Nortonville, Kansas

I have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of City of Nortonville, Kansas and its related municipal entity (the municipal financial reporting entity), as of and for the year ended December 31, 2014, and the related notes to the financial statement.

### Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial statement based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statement, the financial statement is prepared by City of Nortonville, Kansas and its related municipal entity to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In my opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of City of Nortonville, Kansas and its related municipal entity as of December 31, 2014, or changes in its financial position and cash flows thereof for the year then ended.

**Opinion on Regulatory Basis of Accounting**

In my opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of City of Nortonville, Kansas and its related municipal entity as of December 31, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

**Report on Supplementary Information**

My audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balance (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, and schedules of regulatory basis receipts and expenditures, are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

**Prior Year Comparative Numbers**

The prior year actual column presented in the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances and the individual fund schedules of regulatory basis receipts and expenditures – actual and budget, are also presented for comparative analysis and are not a required part of the 2014 financial statement upon which we rendered an unqualified opinion dated May 12, 2015. The 2013 financial statement and my accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such prior year comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 basic financial statement. The prior year comparative information was subject to the auditing procedures applied in the audit of the 2013 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2013 basic financial statement or to the 2013 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion the prior year comparative information is fairly stated in all material respects in relation to the 2013 basic financial statement as a whole, on the basis of accounting described in Note 1.

Patsy A. Porter, CPA, PA  
Patsy A. Porter, CPA, PA  
Atchison, KS

May 12, 2015

# CITY OF NORTONVILLE, KANSAS

## SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH REGULATORY BASIS

For the Year Ended December 31, 2014

FUNDS	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental type funds:							
General fund	\$ 105,399	\$ -	\$ 184,152	\$ 203,563	\$ 85,988	\$ 3,028	\$ 89,016
Special purpose funds:							
Special highway	29,613	-	16,098	-	45,711	-	45,711
Special parks & recreation	316	-	-	316	-	-	-
Library	-	-	29,484	29,484	-	-	-
Special street	-	-	10,000	-	10,000	-	10,000
Special police equipment	7,049	-	1,000	-	8,049	-	8,049
Special equipment	5,100	-	4,000	5,000	4,100	-	4,100
Business funds:							
Water	84,088	-	123,968	113,633	94,423	-	94,423
Sewer	64,433	-	91,172	94,214	61,391	-	61,391
Total primary government	295,998	-	459,874	446,210	309,662	3,028	312,690
Related municipal entity:							
Nortonville Public Library	13,111	-	62,546	58,645	17,012	-	17,012
Total municipal financial reporting entity	\$ 309,109	\$ -	\$ 522,420	\$ 504,855	\$ 326,674	\$ 3,028	\$ 329,702
Composition of cash:							
			Checking accounts				\$ 125,690
			Certificates of deposit				187,000
			Total related municipal entity				17,012
			Total cash				329,702
			Total municipal financial reporting entity				\$ 329,702

See accompanying notes to the financial statement.

**CITY OF NORTONVILLE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENT**  
**December 31, 2014**

**1 - Summary of significant accounting policies**

**(a) Municipal financial reporting entity**

The City of Nortonville, Kansas is a municipal corporation governed by an elected five-member council plus a mayor. This financial statement presents The City of Nortonville, Kansas (the municipality) and its related municipal entity. The related municipal entity is included in the city's reporting entity because it was established to benefit the city and/or its constituents.

Nortonville Public Library. The City of Nortonville Library Board operates the city's public library. Acquisition or disposition of real property by the board must be approved by the city. Bond issuances must also be approved by the city.

**(b) Regulatory basis fund types**

General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special purpose fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Capital project fund – used to account for debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business funds – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service funds, etc).

Trust fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.)

**(c) Basis of presentation and accounting**

*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.* The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

**CITY OF NORTONVILLE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENT**  
**December 31, 2014**

**1 - Summary of significant accounting policies (Continued)**

**(d) Budgetary information**

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds and the following special purpose funds – Special Police Equipment Fund, Special Park Building Fund, Special Street Fund, Special Equipment Fund, Community Improvement Fund, and Nortonville Public Library.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**(e) Reimbursements**

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.



**CITY OF NORTONVILLE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENT**  
**December 31, 2014**

**2 - Deposits and investments**

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

*Concentration of credit risk.* State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk—deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2014.

At December 31, 2014 the City's carrying amount of deposits, including certificates of deposit and time deposits, was \$312,690 and the bank balance was \$313,803. At December 31, 2014 the carrying amount of the Library's deposits, was \$17,012 and the bank balance was \$18,443. The bank balance was held at one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance, while \$6,736 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name and an additional \$75,510 was covered by other certificates.

*Custodial credit risk—investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

**3 - Ad valorem tax revenues**

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties.

The County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied on November 1 and become delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year.

The tax rate assessed for the year ended December 31, 2014 to finance the general fund was \$24.934 per \$1,000 valuation and other fund operations was \$10.433 per \$1,000 valuation.

**CITY OF NORTONVILLE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENT**  
**December 31, 2014**

**4 - Long-term debt**

Changes in long-term liabilities for the City for the year ended December 31, 2014, were as follows:

Issue	Balance Beginning Of Year	Additions	Payments	Change	Balance End of Year	Interest Paid
KDHE	\$408,408	\$ -	\$31,984	\$(31,984)	\$376,424	\$10,693
Interest Rate	2.92%					
Date of Issue	3/1/2005					
Amount of Issue	\$671,184					
Date of Final Maturity	3/31/2025					
USDA	606,159	-	8,308	(8,308)	597,851	19,700
Interest Rate	3.25%					
Date of Issue	2/4/2011					
Amount of Issue	\$622,000					
Date of Final Maturity	2/10/2051					
Total long-term debt	\$1,014,567	\$ -	\$40,292	\$(40,292)	\$974,275	\$30,393

Current maturities of long-term debt and interest for the next five years and in five year increments through the date of maturity are as follows:

	2015	2016	2017	2018	2019	2020-2024	2025-2029
Principal							
KDHE	\$32,925	\$33,893	\$34,890	\$35,916	\$36,972	\$201,828	\$ -
USDA	8,579	8,857	9,145	9,442	9,749	53,710	63,025
Total principal	41,504	42,750	44,035	45,358	46,721	255,538	63,025
Interest							
KDHE	9,832	8,947	8,035	7,096	6,131	15,141	-
USDA	19,430	19,151	18,863	18,566	18,259	86,334	77,019
Total interest	29,262	28,098	26,898	25,662	24,390	101,475	77,019
Total principal & interest	\$70,766	\$70,848	\$70,933	\$71,020	\$71,111	\$357,013	\$140,044

**CITY OF NORTONVILLE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENT**  
**December 31, 2014**

**4 - Long-term debt (continued)**

	2030-2034	2035-2039	2040-2044	2045-2049	2050-2052	Total
Principal						
KDHE	\$ -	\$ -	\$ -	\$ -	\$ -	\$376,424
USDA	73,954	86,777	101,826	119,483	53,304	597,851
Total principal	73,954	86,777	101,826	119,483	53,304	974,275
Interest						
KDHE	-	-	-	-	-	55,182
USDA	66,090	53,266	38,217	20,560	2,610	438,365
Total interest	66,090	53,266	38,217	20,560	2,610	493,547
Total principal & interest	\$140,044	\$140,043	\$140,043	\$140,043	\$55,914	\$1,467,822

**5 - Interfund Transfers**

Operating transfers were as follows:

From	To	Statutory Authority K.S.A.	Amount
General	Special Equipment	12-1,117	\$ 4,000
General	Special Police Equipment	12-1,117	\$ 1,000
General	Special Street	12-1,117	\$ 10,000

**6 - Other Long-Term Obligations from Operations**

*Other post employment benefits.* As provided by K.S.A. 12-5040, the municipality allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the municipality is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the municipality makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

*Compensated absences.* As described in Note 1, these financial statements are prepared in compliance with the KMAAG regulatory basis of accounting, and therefore there is no presentation for vested or accumulated compensated absences.

The municipality's compensated absence policy permits full-time employees to earn one week of vacation per year after one year of service, two weeks after five years of service, three weeks after ten years of service, and four weeks after twenty years of service. At December 31, 2014, vacation pay earned but not yet used was \$769.

**CITY OF NORTONVILLE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENT**  
**December 31, 2014**

**6 - Other Long-Term Obligations from Operations (Continued)**

*Compensated absences (continued)*

Full-time employees earn four hours of sick time per month with an accumulation cap of two-hundred forty hours. If the full-time employee is sick more than thirty consecutive days, the City will pay 40% of the salary for thirteen weeks. At December 31, 2014, sick pay earned but not yet used was \$5,215.

**7 - Defined benefit pension plan**

*Plan description.* The City participates in the Kansas Public Employees Retirement System (KPERS). KPERS is part of a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and the Kansas Police & Fireman's Retirement System issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas Avenue, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

*Funding policy.* K.S.A. 74-419 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. Kansas law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

The State of Kansas is required to contribute the statutory required employers share. The employer rate established by statute for the period from January 1, 2014 to December 31, 2014 was 9.69%. The City's employer contributions to KPERS, for the years ended December 31, 2014, 2013, and 2012 were \$8,537, \$7,282 and \$7,130, respectively, equal to the regulatory required contributions for each year.

*Net pension liability.* The total pension liability for KPERS was determined by an actuarial valuation as of December 31, 2013, which was rolled forward to June 30, 2014. As of June 30, 2014 the net pension liability for KPERS was \$8,291,794,940. The City's proportionate share of the net pension liability has not been declared as of June 30, 2014, but is not expected to be material. The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described in the first paragraph.

**8 - Risk management**

The City continues to carry commercial insurance for risk of loss through the purchase of commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CITY OF NORTONVILLE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENT**  
**December 31, 2014**

**9 - Water consumer deposits**

Water consumers are required to make cash deposits to the City when starting new water service. The deposits are refunded to the consumers when service is terminated or if consumer's account is in good standing for 12 months. Currently, the City has \$5,381 of consumer deposits, which are included in the Water Fund cash in the financial statement.

**10 - License agreement**

The City purchased accounting software to maintain the general ledger, utility billing, payroll and municipal court functions. The agreement with Sequoyah Software and Consulting, Inc. calls for twenty-four monthly installments of \$352, which is now satisfied. A \$100 charge per month for unlimited customer software support and updates are the only amounts paid.

**11 - Subsequent Events**

Management has evaluated subsequent events through May 12, 2015, the date the financial statements were available to be issued.

## REGULATORY REQUIRED SUPPLEMENTARY INFORMATION

# CITY OF NORTONVILLE, KANSAS

## SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2014

<u>FUNDS</u>	<u>Certified Budget</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - (Over) Under</u>
Government type funds:					
General fund	\$ 264,440	\$ 7,404	\$ 271,844	\$ 203,563	\$ 68,281
Special purpose funds:					
Special highway	46,103	-	46,103	-	46,103
Special parks & recreation	316	-	316	316	-
Library	29,637	-	29,637	29,484	153
Business funds:					
Water	197,213	-	197,213	113,633	83,580
Sewer	154,239	-	154,239	94,214	60,025

# CITY OF NORTONVILLE, KANSAS

## GENERAL FUND

### SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

		Current Year		Variance
	Prior Year	Actual	Budget	Over
	Actual			(Under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 60,144	\$ 61,105	\$ 63,222	\$ (2,117)
Delinquent tax	2,147	3,330	-	3,330
Motor vehicle tax	12,763	10,898	11,296	(398)
Recreational vehicle tax	68	76	78	(2)
16/20M vehicle tax	184	252	171	81
Local sales tax	25,942	27,763	25,000	2,763
Franchise tax	30,528	33,330	27,000	6,330
Licenses	216	515	300	215
Miscellaneous	3,266	2,348	3,000	(652)
Reimbursements - other	8,130	8,092	9,000	(908)
Fines	2,314	911	2,500	(1,589)
Trash service	35,188	35,308	36,000	(692)
Interest on idle funds	239	224	300	(76)
Total cash receipts	181,129	184,152	\$ 177,867	\$ 6,285
Expenditures:				
Salaries & wages	43,622	45,412	49,500	4,088
Employee benefits	11,937	12,929	15,000	2,071
Contractual services	9,388	7,404	10,000	2,596
Gas & oil	1,732	1,706	3,000	1,294
Insurance	5,174	5,416	8,000	2,584
Legal services	6,000	5,500	6,000	500
Miscellaneous	1,280	1,337	9,540	8,203
New equipment	506	480	2,000	1,520
Office supplies	1,465	1,662	3,000	1,338
Park department	4,088	6,769	5,000	(1,769)
Police and animal control	25,855	24,939	41,000	16,061
Postage, printing & professional services	2,620	8,001	3,500	(4,501)
Public safety	238	250	300	50
Recreation	-	860	700	(160)
Repairs & maintenance	142	302	4,000	3,698
Shop materials	393	2,233	900	(1,333)
Streets and street lights	19,048	18,114	57,000	38,886
Trash service	35,174	35,274	36,000	726
Utilities	10,291	9,975	10,000	25
Transfer to Special Street Fund	-	10,000	-	(10,000)
Transfer to Special Equipment Fund	5,000	4,000	-	(4,000)
Transfer to Special Police Equipment Fund	1,000	1,000	-	(1,000)
Legal general fund budget	184,953	203,563	264,440	60,877
Adjustment for qualifying budget credits	-	-	7,404	7,404
Total expenditures	184,953	203,563	\$ 271,844	\$ 68,281
Cash receipts over (under) expenditures	(3,824)	(19,411)		
Unencumbered cash, beginning	109,223	105,399		
Prior year cancelled encumbrances	-	-		
Unencumbered cash, ending	\$ 105,399	\$ 85,988		



# CITY OF NORTONVILLE, KANSAS

## SPECIAL HIGHWAY FUND

### SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2014  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
State of Kansas gas tax	\$ 15,821	\$ 16,098	\$ 16,440	\$ (342)
Expenditures:				
Street repair and maintenance	-	-	\$ 46,103	\$ 46,103
Cash receipts over (under) expenditures	15,821	16,098		
Unencumbered cash, beginning	13,792	29,613		
Prior year cancelled encumbrances	-	-		
Unencumbered cash, ending	\$ 29,613	\$ 45,711		

# CITY OF NORTONVILLE, KANSAS

## SPECIAL PARK & RECREATION FUND

### SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2014  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Liquor tax	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Supplies	-	316	\$ 316	\$ -
Cash receipts over (under) expenditures	-	(316)		
Unencumbered cash, beginning	316	316		
Prior year cancelled encumbrances	-	-		
Unencumbered cash, ending	\$ 316	\$ -		

# CITY OF NORTONVILLE, KANSAS

## LIBRARY FUND

### SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

		Current Year		Variance
	Prior Year	Actual	Budget	Over
	Actual			(Under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 24,462	\$ 24,106	\$ 24,941	\$ (835)
Delinquent tax	593	1,095	-	1,095
Motor vehicle tax	3,535	4,169	4,595	(426)
Recreational vehicle tax	19	31	32	(1)
16/20M vehicle tax	50	83	69	14
Miscellaneous	-	-	-	-
Total cash receipts	<u>28,659</u>	<u>29,484</u>	<u>\$ 29,637</u>	<u>\$ (153)</u>
Expenditures:				
Transfer to Nortonville Public Library	28,659	29,484	\$ 29,637	\$ 153
Miscellaneous	-	-	-	-
Total expenditures	<u>28,659</u>	<u>29,484</u>	<u>\$ 29,637</u>	<u>\$ 153</u>
Cash receipts over (under) expenditures	-	-		
Unencumbered cash, beginning	-	-		
Prior year cancelled encumbrances	-	-		
Unencumbered cash, ending	<u>\$ -</u>	<u>\$ -</u>		

# CITY OF NORTONVILLE, KANSAS

## WATER FUND

### SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Sales	\$ 106,735	\$ 107,810	\$ 110,000	\$ (2,190)
Connections	525	1,350	600	750
Deposits	1,925	2,650	-	2,650
Late charges	6,792	9,027	8,000	1,027
Sales tax	1,219	1,281	1,200	81
Coin meter	537	572	600	(28)
Interest on deposits	-	-	-	-
Miscellaneous	5,489	1,278	-	1,278
Total cash receipts	123,222	123,968	\$ 120,400	\$ 3,568
Expenditures:				
Salaries & wages	40,656	41,989	\$ 43,500	\$ 1,511
Employee benefits	11,367	12,383	12,500	117
Contractual services	-	315	67,279	66,964
Deposit refunds	1,350	1,469	7,125	5,656
Education	28	12	300	288
Gas & oil	1,732	1,706	2,000	294
Insurance	5,174	5,416	6,300	884
Licenses & memberships	334	371	500	129
Miscellaneous	264	205	500	295
New equipment	480	480	2,000	1,520
Office supplies	808	501	500	(1)
Postage, printing & professional services	8,448	5,680	2,500	(3,180)
Repairs & maintenance	112	269	6,000	5,731
Sales tax	1,154	1,200	1,200	-
Shop materials	3,375	5,291	8,000	2,709
USDA principal	8,047	8,308	8,309	1
USDA interest	19,962	19,700	19,700	-
Utilities	6,250	6,391	7,500	1,109
Water protection & testing	1,413	1,947	1,500	(447)
Total expenditures	110,954	113,633	\$ 197,213	\$ 83,580
Cash receipts over (under) expenditures	12,268	10,335		
Unencumbered cash, beginning	71,820	84,088		
Prior year cancelled encumbrances	-	-		
Unencumbered cash, ending	\$ 84,088	\$ 94,423		

# CITY OF NORTONVILLE, KANSAS

## SEWER FUND

### SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2014  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Sales	\$ 90,999	\$ 90,173	\$ 94,000	\$ (3,827)
Miscellaneous	-	999	-	999
Total cash receipts	90,999	91,172	\$ 94,000	\$ (2,828)
Expenditures:				
Salaries & wages	19,716	20,410	\$ 24,000	\$ 3,590
Employee benefits	5,655	6,147	8,000	1,853
Contractual services	-	638	29,500	28,862
Education	28	12	300	288
Gas & oil	1,732	1,706	2,000	294
Insurance	2,587	2,708	3,000	292
KDHE interest	11,528	10,693	10,693	-
KDHE principal	31,070	31,984	31,984	-
KDHE service fee	1,079	1,001	1,001	-
Licenses & memberships	519	556	350	(206)
Miscellaneous	1	107	111	4
New equipment	240	240	32,400	32,160
Office supplies	558	501	800	299
Postage, printing & professional fees	3,882	8,780	2,500	(6,280)
Repairs & maintenance	-	133	500	367
Sewer testing	948	726	900	174
Shop supplies	4,246	6,939	5,000	(1,939)
Utilities	894	933	1,200	267
Total expenditures	84,683	94,214	\$ 154,239	\$ 60,025
Cash receipts over (under) expenditures	6,316	(3,042)		
Unencumbered cash, beginning	58,117	64,433		
Prior year cancelled encumbrances	-	-		
Unencumbered cash, ending	\$ 64,433	\$ 61,391		

# CITY OF NORTONVILLE, KANSAS

## SPECIAL STREET FUND

### SCHEDULE OF RECEIPTS AND EXPENDITURES REGULATORY BASIS

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Cash receipts:		
Transfer from General Fund	<u>\$ -</u>	<u>\$ 10,000</u>
Expenditures:		
Materials	<u>-</u>	<u>-</u>
Cash receipts over (under) expenditures	-	10,000
Unencumbered cash, beginning	-	-
Prior year canceled encumbrances	<u>-</u>	<u>-</u>
Unencumbered cash, ending	<u><u>\$ -</u></u>	<u><u>\$ 10,000</u></u>

# CITY OF NORTONVILLE, KANSAS

## SPECIAL POLICE EQUIPMENT FUND

### SCHEDULE OF RECEIPTS AND EXPENDITURES REGULATORY BASIS

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Cash receipts:		
Transfer from General Fund	<u>\$ 1,000</u>	<u>\$ 1,000</u>
Expenditures:		
Materials	<u>1,620</u>	<u>-</u>
Cash receipts over (under) expenditures	(620)	1,000
Unencumbered cash, beginning	7,669	7,049
Prior year canceled encumbrances	<u>-</u>	<u>-</u>
Unencumbered cash, ending	<u><u>\$ 7,049</u></u>	<u><u>\$ 8,049</u></u>

# CITY OF NORTONVILLE, KANSAS

## SPECIAL EQUIPMENT FUND

### SCHEDULE OF RECEIPTS AND EXPENDITURES REGULATORY BASIS

For the Year Ended December 31, 2014  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Cash receipts:		
Transfer from General Fund	<u>\$ 5,000</u>	<u>\$ 4,000</u>
Expenditures:		
Materials	<u>9,900</u>	<u>5,000</u>
Cash receipts over (under) expenditures	(4,900)	(1,000)
Unencumbered cash, beginning	10,000	5,100
Prior year canceled encumbrances	<u>-</u>	<u>-</u>
Unencumbered cash, ending	<u><u>\$ 5,100</u></u>	<u><u>\$ 4,100</u></u>



# CITY OF NORTONVILLE, KANSAS

## NORTONVILLE PUBLIC LIBRARY

### SCHEDULE OF RECEIPTS AND EXPENDITURES REGULATORY BASIS

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	2013	2014
Cash receipts:		
Transfer from Library Fund	\$ 28,659	\$ 29,483
Norton Township	11,675	11,660
Northeast Kansas Library System	14,435	15,240
State of Kansas	371	329
Gifts and donations	2,995	5,823
Interest on idle funds	79	11
Total cash receipts	58,214	62,546
Expenditures:		
Wages	34,090	34,090
Benefits	4,708	5,667
Continuing education	300	200
Mileage	800	800
Books	5,257	5,659
Videos	3,072	3,719
Periodicals	478	440
Technology	587	1,756
Supplies	1,172	1,192
Postage	479	283
Insurance	391	410
Internet access	1,260	1,365
Children's programming	1,172	1,153
Automation charges	675	675
Miscellaneous	1,171	1,236
Total expenditures	55,612	58,645
Cash receipts over (under) expenditures	2,602	3,901
Unencumbered cash, beginning	10,509	13,111
Prior year cancelled encumbrances	-	-
Unencumbered cash, ending	\$ 13,111	\$ 17,012

***Patsy A. Porter, CPA, PA***  
***Certified Public Accountant***



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May 12, 2015

To the Mayor and Council of  
The City of Nortonville, Kansas

I have audited the regulatory basis financial statement of City of Nortonville, Kansas and Nortonville Public Library (Municipal Financial Reporting Entity) for the year ended December 31, 2014. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated December 31, 2014. Professional standards also require that I communicate to you the following information related to my audit.

**Significant Audit Findings**

***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Municipal Financial Reporting Entity are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. I noted no transactions entered into by the Municipal Financial Reporting Entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

***Difficulties Encountered in Performing the Audit***

I encountered no significant difficulties in dealing with management in performing and completing my audit.

***Corrected and Uncorrected Misstatements***

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the

financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

***Management Representations***

I have requested certain representations from management that are included in the management representation letter dated May 12, 2015.

***Management Consultations with Other Independent Accountants'***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Municipal Financial Reporting Entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Municipal Financial Reporting Entity's auditor. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

This information is intended solely for the use of the Mayor, City Council and other employees of the Municipal Financial Reporting Entity and is not intended to be and should not be used by anyone other than these specified parties.

*Patsy A. Porter, CPA, PA*

PATSY A. PORTER, CPA, PA

***Patsy A. Porter, CPA, PA***  
*Certified Public Accountant*

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To the Mayor and City Council of  
The City of Nortonville, Kansas

In planning and performing my audit of the basic regulatory financial statement of The City of Nortonville, Kansas (the City) as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*, I considered the City's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City's internal control.

However, during my audit I noted some matters that are opportunities for strengthening internal control and operating efficiency. This letter does not affect my report dated May 12, 2015.

**NORTONVILLE PUBLIC LIBRARY**

**Use the QuickBooks Reconcile Function to Reconcile the Bank Statement**

In order to make financial reports generated by the accounting system as meaningful as possible, the Library should reconcile the checking, savings and capital improvement accounts to bank statements on a monthly basis (or twice-yearly for savings accounts) by using the reconcile function in QuickBooks.

**Document Review and Approval of Disbursements, Time Sheets, Bank Statements, etc.**

All disbursements, time sheets, bank statements, etc. should be reviewed and approved by an appropriate member of the board. That review should be documented with the initials and date of the board member of the original paperwork.

This communication is intended solely for the information and use of the Mayor, City Council, and others within the government, and is not intended to be and should not be used by anyone other than these specified parties.

*Patsy A. Porter, CPA, PA*  
Patsy A. Porter, CPA PA  
Atchison, Kansas

*May 12, 2015*